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Group Introduction

RHL International is one of the pioneering professional valuation and real estate consultants in Asia. Established since 1972, our group offers high quality professional services on Corporate Valuation & Advisory and Real Estate Solution & Surveying Practice. As an active participant in exchanging ideas and experience with regulators, government institutions and corporations, our group maintains vigilant to the dynamic changes in the market. Leveraging our extensive track record, technical resources and market intelligence, we are dedicated to provide tailored services to meet with the unique needs of our clients.

Professional Team

Our team comprises of professionals who have economics, finance, law and/or real estate related academic background and internationally recognized qualifications, such as CFA, CPA, registered professional surveyors, and with diverse experience and up-to-date knowledge of the current market environment. We committed to provide our clients with high standard services.

The Group is committed to provide high standard of professional services in compliance with international standard and Government Statutory requirements.

Corporate Advisor

Our experience in operating businesses in the mainland China and cooperating with overseas parties has become our competitive advantage in offering comprehensive client solution to overseas as well as mainland clients. We cover real estate as well as other industries such as natural resources, green energy and finance area.

- Industry Market Research & Analysis
- Project Feasibility Study and Advisory
- Financial Analysis
- Investment Advisory
- Due Diligence
- Valuation (including Real Estate, Business Valuation, Plant & Machinery)
- Portfolio, Asset and Facilities Management
- Corporate Valuation Advisory
- Real Estate Solutions and Surveying Practice



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Provision of corporate and
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Small means Big

Property market in Hong Kong is keeping its rising direction. Even though the provision of flats of indoor saleable areas not less than 260 sq.ft. (excluding balcony and utility platform) has become a prescribed condition for private sector participating in the Urban Renewal Authority's projects, the market prices of new properties would easily reach few millions Hong Kong Dollars. People without a stable home who wish to buy one are hard to afford. Under the current market atmosphere, those single or just married parties can only still wander off the rental market and boosts the rental of nano-flat continuously.

As announced by the Rating and Valuation Department ("RVD"), the latest rateable values of many of the traditional luxury and top ten private developments have recorded a falling or freezing figure. In contrast, the ones for the highly-demanded small flats or nano-flats have increased. According to the statistics, the average rise in rateable values in private and public sectors properties was 0.2%, while flats of saleable area smaller than 752 sq.ft. was about 0.9%, showing a better performance than the medium-to-large size properties.

Based on the media sources and information we checked, the latest rateable values of a number of nano-flats in various districts have increased: High One in Cheung Sha Wan, the rateable value of a mid-level flat of 193 sq.ft. saleable area was up by 7%; High Place in Kowloon City, the rateable value of a low-level flat of saleable area of 166 sq.ft. was up by 5%; Mont Vert in Tai Po, the rateable values of the nano-flats at mid-level and low-level with area of 196 sq.ft. and 165 sq.ft. were increased by 3%.

In contrast, the rateable values of the top ten private developments remain unchanged or even decreased: A 974 sq.ft. mid-level unit at Heng Fa Chuen was down by 4%, a flat of about 500 sq.ft. high-level unit was down by 5%. In addition, the rateable values of many of the units of at least 900 sq.ft. were remain constant, including high-level unit at South Horizons in Ap Lei Chau, high-level unit at Sing Fai Terrace of Tai Koo Shing, low-level flat of Kornhill in Quarry Bay, mid-level flat of City One Shatin, etc..

The better performance of nano-flats than medium-to-large units can be ascribed to a large demand by single person or newly-married family. With many of this type of flats being situated in the urban area, the rise of rateable value could be higher. As the top ten private developments are providing units of larger area with smaller demand from a 4-people family, it is as expected that the rateable values would remain the same or even on a downside.

With reference to the statistics of the Development Bureau, there will be a 65% surge in supply of nano-to-small flats next year, mainly located in Kowloon City, Sham Shui Po and Sha Tin districts, whilst all flats to be completed in Kwai Tsing and Yau Tsim Mong districts will be small ones. Despite of the climbing supply of small units, under the current market atmosphere, it is believed that the rateable values of nano-to-small flats would be supported.

Snapshots

The King of City's Land Parcel Born

The Lands Department announced that the Central Murray Road commercial land plot was tendered at a price of HK\$23.28 billion which is the first HK\$20 billion plus land in Hong Kong. The land plot is the land ever offered by the government located in the Central core business area over 20 years. The site area is about 31,000 sq.ft., the maximum gross floor area is about 465,000 sq.ft. with the accommodation value about HK\$50,063 per sq.ft.

Transaction of Residential Car Park Units Remains Active

The overall transaction volume of residential car park units in April (including first-hand and second-hand) has reached 707 with a total value of HK\$1.038 billion, according to agencies' information. Although the transaction volume has slightly declined comparing with that of March, the enormous demand was still reflected. The demand was even more outstanding among second-hand transactions, whereas the transaction volume has reached its highest in 3 months. In terms of regional transactions, it was recorded that the number of transactions in Hong Kong Island, Kowloon and the New Territories being 105, 142 and 460 respectively.

Speed Profit of Office Transaction

A whole-floor office unit at 9 Des Voeux Road West was transacted with a profit of HK\$15million in a short period of time. The office unit located on the 6th floor with a saleable area of approximately 6,884 sq.ft. was sold at HK\$115 million with a unit rate of \$16,705/sq.ft.. According to market information, the property was sold at nearly HK\$100million last December.

Public Housing Price Hit the Record High

In spite of the new market control measures recently, the property price of Tenants Purchase Scheme (TPS) flat hits the record high again. According to the information, a middle-floor flat of saleable area 165 sq. ft. at Tak Tin Estate in Lam Tin was sold for HK\$2.48 million (premium paid) with unit rate of HK\$15,030/sq.ft.. This transaction has broken the previous most expensive unit rate record of King Lam Estate in Tsuen Kwan O of HK\$13,902/sq.ft..

(奧運站 Olympic Station)

維港灣

Island Harbourview

HKD 17,000 / sq.ft.

(上水 Sheung Shui)

上水中心

Sheung Shui Centre

HKD 13,000 / sq.ft.

(沙田 Sha Tin)

沙田第一城

City One Shatin

HKD 13,500 / sq.ft.

(天水圍 Tin Shui Wai)

嘉湖山莊

Kingswood Villas

HKD 8,500 / sq.ft.

(青衣 Tsing Yi)

灝景灣

Villa Esplanada

HKD 13,000 / sq.ft.

(紅磡 Hung Hom)

黃埔花園

Whampoa Garden

HKD 14,000 / sq.ft.

(藍田 Lam Tin)

麗港城

Laguna City

HKD 12,000 / sq.ft.

(將軍澳 Tseung Kwan O)

新都城

Metro City

HKD 13,000 / sq.ft.

(太古 Taikoo)

太古城

Taikoo Shing

HKD 17,500 / sq.ft.

(東涌 Tung Chung)

東堤灣畔

Tung Chung Crescent

HKD 10,500 / sq.ft.

(鴨脷洲 Ap Lei Chau)

海怡半島

South Horizons

HKD 16,500 / sq.ft.

(北角 North Point)

城市花園

City Garden

HKD 15,000 / sq.ft.



* Average **saleable unit rate** of standard units
 以上為各標準單位平均實用呎價

The restriction on sales or become the trump card in market regulation

On May 15, two three-tier cities in Central Plains region- Hebei Chengde, Henan Kaifeng, announced the property market "restricted sales order". Chengde announced that the new purchased property can only be transferred after the non-residents have obtained the real estate license for 2 years; and in Kaifeng, it is required for 3 years. According to incomplete statistics, since mid-March this year, there have been more than 20 large, medium and small-sized cities starting the "restricted sales order" on residential properties, including relatively small towns surrounding the hot cities. Most of these cities have required that the new purchased commercial residential building shall not be transferred in 2 to 3 years.

This round of property market "restricted sales order" started in Beijing. On March 17, Beijing issued a regulation, requiring that housings bought by enterprises can only be traded after 3 years, and the follow up policies in some cities have extended the "restricted sales" from enterprises to individuals. The transaction data for April showed that the volume in some cities with the "restricted sales" fell sharply. For the turnover of April primary hand property, Xiamen fell 58.09%; Guangzhou fell 46.96%; Hangzhou fell 26.47%; and Qingdao fell 17.89%. However, because of the "price limit" and some other regulations, the housing price fluctuations in those cities are not obvious currently. From substantial investigations, we found that there are less number of people showing interests in house-inspecting in May than in March and April, but most developers not yet have the intention to cut prices.

The promulgation of "restricted sales order" marking the regulation policy of the property market has been extended from the purchasing stage to the holding stage. In general, it takes 1 to 2 years for buyers to the get real estate license for his new residential property after the purchase; and an additional 2 years after getting the license if the reselling need. The real estate property can be "frozen" for several years from buying to selling, which means the loss of short-term liquidity and real estate investment will become a long-term business. Then, the real estate investors need to have the psychological preparation for holding the property for a longer period. Faced with the current unpredictable real estate market, "restricted sales" will increase the investment fund pressure and the investment risk, to a certain extent, inhibit the real estate investment demands. But on the other hand, if the restriction is also placed in those hot cities with small property stock, the potential supply of second-hand housing market will decrease accordingly. Some buyers with rigid demand will be forced to new housing market and it may be a new stimulus for the market.

Snapshots

More property policies promulgated in three-/four-tier cities; De-stocking continued to be differentiated

While the real estate market in the first-/second-tier cities has ushered in a "limit purchase/loans/price/sales" era, the demand has been spilt over. Property price in the surrounding cities has risen faster. Since March, tight control policies have been introduced by relevant departments to deal with this situation. Among them, Baoding, Cangzhou, Langfang as the representative of the Great Beijing-Tianjin Area; Zhenjiang, Jiaxing, Wuxi as the representative of the Great Shanghai-Nanjing-Hangzhou Area and Foshan, Zhongshan as the representative of the Great Guangzhou-Shenzhen Area, have introduced the strictest policies.

With the implementation of the policy, the inventory situation in some three-/four-tier cities has been reversed, but this does not mean that real estate inventory is coming to an end. The April 50 National New City residential transactions report has shown that by its monitoring 30 typical three-tier cities, 18 cities had a decrease in the transaction area, while the other 12 cities increased, the market differentiation is obvious.

May: The national suspension of Premises Permit (Fang Chan Zheng) for Real Estate License (Bu Dong Chan Quan Zheng)

As of March 1, 2015, the Provisional Regulations on Registration of Real Estate was formally implemented. Jiangsu Xuzhou and Sichuan Luzhou were the first two cities issued Real Estate License (the certificate of immovable property rights), which marked the landing of the real estate unified registration system. According to relevant arrangements issued by the Ministry of Land and Resources, all cities and counties nationwide suspend the old Premises Permit and issue the new license from May 1, 2017.

It is worth noting that the old Premises Permit is not necessarily to be changed for the new license as long as the citizen does not apply for mortgage registration, change registration, transfer registration or others, the original one continues to be effective. Besides, there is no provision about a certain time for replacement of the license. And people need not go to the real estate registration center for registration if there is no changing in the property rights. The old Permit will gradually be replaced by the new real estate license along with the change, transfer and other registration work.



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